

Selected Articles from *The Individual* November 1998

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To remedy this, we have reconstructed back-issues of the journal using only the core articles. We hope that you will find them of interest. Any comments should be directed to the current editor of *The Individual* at editor@individualist.org.uk.

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WHO SHALL SPEAK FOR ENGLAND?

Robert Henderson

Now that the devolution ship is irrevocably set for the open political sea, England must face reality: the nationalist genie is free and such spirits are never recaptured. Anyone who doubts that need only think of Ulster where variously force, appeasement and great (English financed) public expenditure over the past twenty five years has increased nationalist aspirations. The question the English must now address is not how to put the union back together again, but how best to guard their own country.

This is a matter of urgency, indeed self-preservation, for Labour have made it clear that English interests will not merely be casually neglected by this government, but placed under active attack. Consider the objective consequences of Labour's devolution policy. The sense of national identity and the political power of the Scots and the Welsh is enhanced by devolution. It gives them considerable control over their domestic affairs, strengthens their ability to deal directly with non-British agencies such as the EU and, most importantly, provides assemblies for the expression of their national aspirations. Moreover, while Labour remains in power, the Welsh and Scots lose little or nothing. There is no meaningful suggestion that the disproportionately high central government spending on Wales and Scotland will be reduced by Labour and the Blair government has already stated that there will be no change in the number of Welsh and Scots MPs for at least ten years.

The position in Ulster is different because there is no clear-cut sense of nationhood. However, the practical and material advantages gained by the Scots and Welsh will be repeated in Ulster. England, on the other hand, merely loses by devolution. She will continue to pay heavy subsidies to the Scots and Welsh, Scots and Welsh members will continue to vote on all English matters, while English MPs will be denied an opportunity to vote on many important areas of Scots and Welsh policy.

Most tellingly the English are to be left without a national political voice. Not only will they not have a national assembly by the time that the Scots and Welsh have theirs, the English are not to be offered an English parliament at all but regional assemblies, the majority of which would be based on areas without any natural sense of regional feeling. Judged by its inevitable effects, this is nothing less than a calculated attempt to rob England of its political voice.

Regional assemblies in England would not utterly destroy English national feeling, but they would lead to the development of regional political classes who would, out of self-interest or ideological conviction, actively work to create bogus divisions within England. In the absence of a national English parliament, such regional voices would be difficult publicly to counter. More importantly, the political regionalisation of England would provide the EU with an opportunity to advance its interests. As Christopher Booker has pointed

out more than once in the Sunday Telegraph, the new English Regional Development Agencies (RDA) correspond exactly to proposed EU regions. The tactic of the Eurofederalists will be to create, through competition, conflict between the English regions at RDA level before referenda are arranged for elected regional assemblies. Those arguing for a YES vote in such referenda will point to the negotiating advantages gained by Wales and Scotland, whilst giving the English regions the impression that they each will be able to get more from both Westminster and the EU if they have a political voice. It is classic divide and rule.

Into this bleak present and icier future, strides the thought who shall speak for England? It is not an easy question to answer because guarding English interests has not been a concern of British governments of any stamp for a very long time, certainly not since the advent of a full blown welfare state. Higher levels of unemployment and illness and lower incomes in the Celtic parts of Britain of themselves produce an imbalance in both government expenditure and tax revenues between England, Scotland, Wales and Northern Ireland which is much to England's disadvantage. Moreover, this natural imbalance has been worsened since the mid seventies by the Barnett formula for calculating central government disbursements to the regions of Britain. The results of this formula presently give Wales, Scotland and Northern Ireland massive advantages. According to a report on the Commons Select Committee's examination of the matter of central government funding (Daily Telegraph 1/1/97). Scotland receives 23% per head more cash than England, Wales 16% and Northern Ireland 37%.

To these material benefits may be added the electoral advantage enjoyed by Wales and Scotland. At the last election it took an average of 69, 577 electors to form an English constituency. In Scotland it was 55,563, in Wales 55,338. Significantly, Northern Ireland - which could put forward at least as good (or bad) a case for over-representation as Scotland and Wales - matched England with an average of 66,122 electors. The Welsh and Scots over-representation is of considerable practical significance, particularly so because the Blair government has made it clear that no reduction in the number of Scots and Welsh MPs will happen for at least ten years.

This leaves the Tories with the following daunting parliamentary arithmetic to confront at the next general election. The current House of Commons has 659 seats. Of these 134 are filled by members from Scotland, Wales and Ulster. The Conservatives hold precisely none. Labour holds 89, the Liberal Democrats 17. The remaining 28 are held by parties which have no natural ideological affinity with the Tories - the Ulster Unionists have clung to the Tory Party in the past simply because they have nowhere else to go.

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classes who would, out of self-interest or ideological conviction, actively work to create bogus divisions within England.

With the devolved assemblies up and running by the year 2000, it is difficult to see the Tory position strengthening in Wales and Scotland. Indeed, logic suggests that it will weaken as Westminster is seen as increasingly irrelevant by the Scots and Welsh. Moreover, recent opinion polls and the evidence of the recent referendums suggests that the Tory Party is seen at best as a foreign interloper and at worst as an object of hatred and derision by a majority of Celts.

For the foreseeable future the Tory Party has no realistic hope of making many or even any parliamentary seats in Wales and Scotland. Therefore, if the Tory Party is to gain an overall majority at the next election, it must plan to do it with English seats alone. That will mean gaining 330 out of 525 English seats. If the Labour vote stays constant in Scotland and Wales, Labour can achieve an overall majority by winning a mere 230 English seats.

This huge difference between the English seats needed respectively by Labour and the Conservatives to form a government, means that the Tory Party must increase their vote in England massively at the next election if they are to have any hope of winning. Labour on the other hand can afford to lose substantial support in England and still win if they maintain their dominance of Scotland and Wales. This they will probably do, for the polls still show Labour in Scotland and Wales as the favoured party by far for Westminster elections. The fact that Labour only managed to win 329 seats in England during the 1997 electoral landslide shows how steep an electoral hill the Tories must climb.

There is also the mighty problem of what political platform the Conservative party could comfortably stand on at the next election. The Tories are on the horns of a dilemma. They need to appeal to as many English voters as possible, but to do this they must argue for such things as a reduction in Scots and Welsh representation at Westminster and an equalisation of government expenditure throughout the UK, proposals which will be deeply unpopular in Scotland and Wales. Such a policy would guarantee the return of no English MPs in Wales and Scotland.

But the political night in which the Tories find themselves could get a good deal blacker. Even without EMU membership, by the time the next election comes we shall be mortally enmeshed in the coils of Brussels - important concessions have already been made on majority voting by Labour. If Britain enters EMU before the Tories regain power - and the signs are that Blair will try to take Britain into a single currency as soon as he deems it possible to win a referendum - a future Tory victory would be Pyrrhic because once you lose control of your currency you effectively lose control of your ability to decide taxation and spending and that equals the end of sovereignty.

Then there is the hulking question of electoral reform. I think it probable that Blair is firmly committed to PR or some variant of it. The fact that he is currently making noises suggestive of retaining first-past-the-post for Westminster is purely tactical. As with EMU, Blair simply does not believe he could win

a referendum at present.

Why should Blair want to adopt a course which on the face of it could lead to an unnecessary sharing of power? The answer is simple, Blair fears and dislikes the Labour Party. He has managed to use it as Mosely wished to use it, as a vehicle for his own ambitions, but he has not got complete control of the party. Nor in a parliamentary system can he ever hope to have such control. But Blair can greatly mitigate the constraints of parliamentary government.

He has two obvious ways of doing this. First by the replacement of the Lords by a chamber wholly or primarily nominated by the major political parties. The chamber would then be dominated by his placemen. Such a chamber might well be given powers which substantially impinged on those of the Commons, for example a vote of No Confidence might need to be passed by both Houses. This would greatly strengthen the PM's position.

His second means of strengthening his position is by finishing his remaking of the Labour Party. This Blair can achieve by a combination of party management, the marginalisation of Old Labour to the point where they can be provoked into leaving the Party and the enticing into the Labour Party of the Europhile wing of the Tory Party and as many of the LibDems as he can - this could be simply done by promising safe Labour seats to the defectors. The upshot would be a Labour Party faced with only the rumps of the Conservative and LibDems. Blair would be left without any meaningful opposition. PR would be of great utility in achieving this end because it blurs Party lines marvellously and allows much greater control of the nomination of parliamentary candidates. In effect, the PM's patronage is greatly extended.

PR has two other great advantages for Blair. It will fit in with Labour's devolution proposals for Regional English Assemblies by damaging English political cohesion and generally marginalise opposition to the EU by removing any coherent and substantial parliamentary opposition. If Labour goes for proportional representation, the Tory position may be irrecoverable, because then we shall very probably be into a period of coalition between Labour and the LibDems, which would probably exclude the Tory party from even a share of power for twenty years. By the end of twenty years of Labour/LibDem coalition it is almost certain that we should have been so emphatically delivered into the hands of the EU that nothing short of full scale rebellion would allow England to be her own mistress again.

All that and still worse. The Tory Commons strength is so reduced that the defection of thirty or so Tory Europhiles would be a hammer blow, possibly a political coup de grace to the Conservatives. Such a defection is quite conceivable given the rise of the LibDems (this I believe was the most significant result to emerge from the election). Put bluntly the Tory party is already in danger of being treated as unimportant by the electorate, the most devastating thing which can happen to a political movement. If it loses thirty members by defection before the next election, it is in real danger of being seen by the electorate as a minor party. If those thirty defectors go to the LibDems, the situation is doubly dangerous, because the LibDems gain public credence.

Despite all these boulders on the electoral road, the Tory Party remains the only realistic hope for those who fear for England. Neither Labour nor the LibDems can be expected to defend English interests. Do the Tories have it in them to rescue England? Frankly, I have my doubts, but they are the only serious political party which might do so. To create a new party capable of achieving power would take at least a generation. That would be a Herculean task with no guarantee of success. But even if success could be guaranteed, it would be irrelevant because twenty years of Blairite government would have reduced England to a series of EU controlled provinces. The Tories are Hobson's choice.

What must the Tory Party do in the immediate future? They should continually put before the English public the grotes-

queries and injustices of the proposed system of devolution. Above all they must work for an English parliament to prevent the political emasculation of the English. What the Tories must jettison is the mentality displayed by William Hague in a recent Daily Telegraph interview (8/7/98) when he made a point of declaring that "I am not an English nationalist" and made clear that he "is determinedly British rather than English and was "dismayed to see so many St George Crosses at the world cup." That is living in the past. As Scotland, Northern Ireland and Wales now have national assemblies of one sort or another, no referendum is required to determine whether England desires a national assembly. The need is self evident.

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THE ADAM SMITH INSTITUTE AND NEW LABOUR

Sean Gabb

The Adam Smith Institute credits itself as an architect of the Thatcher Revolution of the 1980s - which cried up, policies like privatisation, contracting out, the internal market, and the Poll Tax. The Major Government did not improve on this so-called "free market". It signed the Maastricht Treaty. It deluged the country in a mass of regulations, making it a criminal offence to sell apples of less than a certain diameter, or to sell any of them if prewrapped by the pound. It increased taxes but still managed to double the national debt in five years - an achievement unique in time of peace. It made a virtual crime of using cash in amounts larger than £3,000, and turned every bank official in the country into a police spy.

Mr Blair's Government has been excellent so far by Labour Party standards. Even so, it has signed the European Social Chapter, and is bringing in a minimum wage law that will throw at least tens of thousands out of work and give big business yet another structural advantage over small business. And this also is the "free market"?

To be fair, the Adam Smith Institute has never been in the same business as the Libertarian Alliance or the Institute of Economic Affairs. It does not propagate ideas independent of who is in power, and wait for some political interest to take them up. Instead, it sells market solutions to statist problems. A typical Libertarian Alliance pamphlet on privatisation, for example, will explore the abstract justifications for getting government out of a certain area, and will describe the general benefits of doing so. An Adam Smith Institute report, on the other hand, will look at the technical questions of how to privatise - at what the shape of the new private activity ought to be, at what special interests need to be conciliated, and so forth. And the report will often only sketch out the details of a proposal that will be fully explained in direct consultancy with a company or ministry.

Since we now have a Labour Government, and are likely to have one for the next ten years or so, and since this Government is willing and even eager to work within the Thatcher settlement, it is understandable that the ASI should wish to

get on the best possible terms with the new order of things.

My objection is not to what the ASI is doing at the moment or what it is about to do. Rather, it is to the whole strategy of the Adam Smith Institute as developed since the early 1980s. It may be that the ASI believes in limited government under the rule of law. Certainly, it has employed libertarians - I think of Nick Elliott. It has also commissioned several reports from me, and even published one of them under my own name - and paid good money for them. But I have to doubt whether its overall effect on British politics has been to do other than help entrench statism far more securely than it ever was in the past.

The old statism was at least mitigated by incompetence. The people in charge of it were paid too little to feel really important; and much of their energy was absorbed in disputes with stupid or malevolent union leaders. They presided over a system that was never very strong, and that failed to weather the storms of the 1970s.

As reconstructed in the 1980s - partly by the Adam Smith Institute - the new statism is different. It looks like private enterprise. It makes a profit. Those in charge of it are paid vast salaries, and smugly believe they are worth every penny.

Undoubtedly, there are benefits. We have the most open and deregulated telephone network in the world. The other utilities give better value for money than they did. The National Health Service is beginning to cap the otherwise limitless rise in welfare budgets. Applied to policing, the same policies may be about to do the same for law enforcement.

But for all its external appearance, the reality is statism. And because it makes a profit, it is more stable than the old. It is also more pervasive. Look at these privatised companies, with their boards full of retired politicians, their cosy relationships with the regulators, their quick and easy ways to get whatever privileges they want. Just look at the favours they do in return. The case of John Gorman, reported in Private Eye - though

hardly anywhere else - is a fine illustration of the network of personal ties that link these companies with the state sector they are supposed to have left. There are other stories - not so well reported - of favours traded. I hear of road protestors who find themselves with £500 Telecom bills, and whose homes are invaded at three in the morning by British Gas inspectors - using their powers of entry without warrant to search for "leaks".

As with National Socialism in Germany, the new statism is leading to the abolition of the distinction between public and private. Security companies, for example, are being awarded contracts to ferry defendants between prison and court, and in some cases to build and operate prisons. This has been sold to us on the - perfectly correct - grounds that it ensures better value for money. But it also involves grants of state powers of coercion to private organisations. All over the country, private companies are being given powers of surveillance and control greater than the Police used to possess.

I have heard it argued that this is nothing to fear, because these companies will be more interested in making profits than in bothering the rest of us. I disagree. In legal theory, joint stock limited liability companies may exist solely to bring dividends to their shareholders. In reality, they are most often run to serve the personal interests of the directors, for whom higher profits are less important than being accepted into the establishment - and this can easily involve taking on and discharging coercive powers as enthusiastically as the politicians could ever want.

In some cases, privatisation is even raising up interests hostile to core elements of the libertarian agenda. Look at prison privatisation.

When the Adam Smith Institute published Nick Elliott's *Making Prisons Work* in 1988, I gave it an enthusiastic review. Letting private companies build prisons, I agreed, would lead to big savings in public money. There would be the obvious savings in building and maintenance and staff costs. Then there would be the better treatment of the prisoners. Instead of being stuck in cells, brought out for a few hours a day to pick oakum or stitch mailbags, they would be put to useful work. In some private American prisons, they were being trained to take airline reservations by telephone; and this was giving them an actual skill that would be in demand on their release. Going straight would in future, I believed, be much easier than in the past, when prisoners were thrown out into the world with no marketable skills. With less reoffending, there would be less need for prisons, and lower insurance premiums for householders, and lower policing bills. The only losers would be a few thousand screws, many of whom were notorious for their idleness and sadism.

All this I still accept. But I now realise that there are other considerations. In a free society - one without "victimless" crimes - who would be the most likely prisoners? The answer is the incompetent and the incorrigible. They would be those absolutely unwilling or incapable to earn an honest living. These are not the people best suited to taking airline reservations or doing repetitive bulk word processing jobs. Take out the thousands of underclass youths, steered into crime by the corrupting effects of welfare and by the regulations that pre-

vent the humbler kinds of enterprise. In particular, take out the drug dealers - for the most part intelligent entrepreneurs, attracted into the market by the high rewards that flow from prohibition. Take these out, and the prison companies would be far less profitable.

Therefore yet another interest hostile to drug legalisation has been created. The coalition already opposed is strong enough - all those bureaucrats and policemen - and now secret service agents - employed to fight the "War on Drugs", all those bankers grown rich on illegally laundering the proceeds, all those politicians bought up by the banks to spray out lies whenever someone suggests legalisation. Add the private prison companies, and we have an even stronger coalition.

This is not to deny that prisons or other state activities should ever be privatised. I believe strongly that they should. My ideal society in one in which the Government takes and spends less than five per cent of the national income, and does little beside running the higher civil courts, and the criminal courts, and providing a minimal national defence. The problem is the order in which the reductions in activity ought to be made. They ought to be made in a manner that allows each to be naturally followed by another. As proposed by the Adam Smith Institute, they are being made in a manner that entrenches the existing system. The result is that our establishment continues with interfering and repressive policies, but now makes a profit on them.

Look at the Poll Tax. This was a scheme that might have cut down on local government waste, but only at the expense of tagging the whole adult population. Notice the endorsement of video cameras in public places - another scheme that might save money only at the expense of our liberties. The rhetoric is liberal: the reality is that we are being given progressively more of the government we pay for. The Adam Smith Institute has enabled the transformation of social democracy from a system that was always on the verge of collapse into one that is both stable and moderately prosperous - one that yields enough to enrich the farmers and to keep the cattle well-fed.

There is no sinister purpose behind this. The Adam Smith Institute is nothing unique. It is just the most prominent and successful gathering place for a strand of degraded liberalism that is very strong within our movement as a whole. Its view of events is a kind of economic determinism that any Old Marxist would find agreeable. All that matters to such liberals is the economic "base". Everything else is merely "superstructure". Change the base, they argue - let there be enough privatisation and deregulation and tax cutting - and nothing else matters to the final outcome.

But there has been no diminution in the economic power of the State, only a change in its mode of operation. Markets are a necessary condition for the existence of a free society - but they are not a sufficient condition. Political despotism is perfectly compatible with the existence of a reasonably market-led economy. The latter can mitigate the worst effects of the former. Unlike under socialism, disobedience need not be attended by starvation. But looking at the Hellenistic monarchies of antiquity, or the Italian city states of the late Renaissance, or Chile under General Pinochet, or Syria under President Assad, the ability to buy and sell without restraint has

never magically created due process in criminal trials, or allowed state actions to be criticised in public without risk.

Yes, I have written for the Adam Smith Institute. I hold many of its people in high regard. I have enjoyed many of its Christmas gatherings. But it has done nothing on the whole to promote liberty in the past 21 years.

Every one of the panegyrics on Hayek that I find in its Catalogue is more than balanced by advocacies of the kind of market reform that simply strengthens the hand of the statist enemy. If I had any choice of Labour Party luminaries, I would much prefer to have the old ones back. The wearers of donkey jackets and CND badges made more threatening noises, but were considerably less dangerous to everything that I love about this country.

THE MINIMAL STATE, NOT THE WELFARE STATE

Professor Edward W. Younkins

America was founded on the basis of an explicit philosophy of individual natural rights. The legitimate role of the State is limited to protecting these natural rights through the use of force, but only in retaliation, and only against those who initiate its use. They can appropriately describe the State as a purely defensive phenomenon that enables individuals to self-actualize and pursue their own freely chosen goals, responsibilities, values, actions, and their personal visions of happiness and the common good.

The Legitimate Role of the State

John Locke provided the philosophical basis for the makers of the Constitution who distrusted government while recognizing its necessity for a social order. Locke viewed human life as a gift from God and reasoned that the Creator of human life gives each person a right to use force to defend his life, a right to the product of his own labour, a right to defend his possessions, and a right to use his life as he desires. In the interest of efficiency, men transferred to government the right to use force in their own self-defence. Individual self-defence was thus replaced with organized self-defence. Government is a man-made institution that holds only such powers as it receives from individuals. Individuals did not and could not give the state any right to use force for any purpose other than self-defence. Since no individual has a right to interfere with the freedom of another, it follows that any attempt by the government to use force against a citizen for any reason other than self-defence of other citizens is an abuse of power and is equivalent to the very thing that the state was organized to prevent. Therefore, a government should be restrained from improperly using its force against its citizens whether it is used for "humanitarian" purposes or for the benefit of those within the government itself. Government is organized by, and operated for, the benefit of the people, but should be subject to a series of restraints that attempt to keep power from being abused.

Freedom is the natural condition of the individual. Each person from birth has the ability to think his own thoughts and control his own energies in his efforts to act according to these thoughts. Men are free to initiate their own purposive action when they are free from man-made restraints - when there is an absence of coercion by other individuals, groups of people, or the government. Freedom is not the ability to get what we want. Other non-man-made obstacles such as lack of

ability, intelligence, or resources may result in one's failure to attain his desires. Freedom means the absence of coercive constraints; but it does not mean the absence of all constraints. It follows that freedom is a necessary but not a sufficient condition for one's happiness.

If individuals are to remain free there must be a legal system with the power to punish the violation of that freedom. Self-defence, a negative right, is the right of every person to defend his own life, liberty, or property. It follows that the powers of the state are logically limited to the nature of the rights of the individuals who transferred them to the state. The idea of a minimal state is thus based on a clear understanding of human nature, natural rights, and the requirements of reality. Equality before the law (i.e. political equality) is derived from the nature of the human person. However, since people are unequal in intelligence, motivation, ability, physical attributes, etc., the result in a free society will be different incomes, amounts of wealth, achievements, social statuses, etc. Inequality and diversity are intrinsic to the natural human order. Benevolence, compassion, charity, and virtue can only exist in a social system that recognizes that people are free and unequal. The good of the individual is inextricably connected with the common good of the political community. It follows that the common good of the political community is procedural in nature and involves the protection of each man's natural right to liberty through which he can freely pursue additional actions, self-actualize, and pursue his own vision of the common good of the human community. The common good of the political community thus involves a set of social and legal conditions based on a person's natural rights.

Justice refers to equal treatment under these social and legal conditions which include a collection of known rules regarding allowable and non-allowable actions that will lead to unequal positions with no-one knowing in advance the particular result this arrangement will have for any specific person. Inequalities are the inevitable result of uneven abilities and efforts.

Principles of justice, by publicly defining man's natural rights, rather than preventing men from performing virtuous actions, actually enable them to freely recognize and fulfill their obligations as members of the human community. Individuals' natural rights draw the lines that separate people, their properties, and their spheres of action. These rights also provide oppor-

tunities for community members to act virtuously towards one another. For example, under a system of natural rights, a person can withhold a claim against another person (i.e. forgive a debt), express generosity, etc.

Welfare Rights Are Illegitimate Rights

During the 1960's, proponents of redistribution began to use the language of "rights" in their efforts: (1) to achieve a greater equalization of wealth; (2) to expand the role of government beyond its original conception; and (3) to allow recipients of government subsidies to think they are getting what they have earned or deserve. Welfare rights, also called positive rights, are rights to goods such as food, clothing, shelter, education, healthcare, a job, etc. Welfare rights are communal rights for the enforcement of which a coercive government is required.

The claim of welfare rights is meant to impose on some people the positive obligation to provide goods for others. However, neither needs nor demands create rights. If my need of a particular good establishes my right to it, then some other people have the involuntary obligation to provide me with the good at their expense. Other people are self-owners just as I am. I cannot morally force them to pay for my needs or wants. If others are forced to provide for me because of my welfare rights, then they are being used as a means to my welfare. The welfare rights idea is incompatible with the view of persons as ends in themselves. In addition, consistency requires that one man's rights not diminish the rights of others. For example, a government which simultaneously asserts the natural right to private property and then takes property to fulfill welfare rights has adopted inconsistent principles.

Welfare rights are illegitimate rights - they change over time, are impossible to attain, and do not require human action for their violation. Furthermore, if there are welfare rights then it is impossible for a person to engage in charitable acts. I can't give a person something if it is his right to have it! A willingness to help others is a matter of personal choice - not a duty imposed from without.

True Charity

The goal should be to have no welfare state at all. Welfare is not only demeaning to its beneficiaries, government programmes also diminish self-reliance, breed dependency, and reinforce social pathologies by creating unintended rewards for people to do the things necessary to receive the welfare payments — which tend to be the very things they are trying to remedy (e.g., pay people to have children they cannot support and encourage unemployment). Also, a system that tries to force acts of love, such as charity, violates the true nature of love and, as a result, creates injustice. The only way the state can "help" people is to give them wealth taken through taxation from someone else. Forcing people to be "charitable" makes them self-centred and resentful. When people are financially squeezed by the welfare state, they find their ability for private philanthropy to be greatly reduced. Only people who are allowed to keep what they have earned have the financial means to be benevolent, altruistic, and compassionate. The existence of government welfare brings red tape, diminishes the spirit of self-sacrifice, and fosters the unfortunate

view that assistance to the poor is the State's job rather than private citizens' moral obligation for charity.

Much of the need for the welfare state is caused by the government itself. For example, minimum wage laws create poverty by increasing unemployment, tariffs and quotas make consumer goods more expensive, and rent control promotes homelessness by supplying a disincentive to provide low-rental housing.

Even without government poverty-causing programmes, there would still be unfortunate people such as the disabled, the illiterate, the sick, the unemployed, the mentally incompetent, the elderly, and single mothers of infant children. The welfare state is a poor substitute for personal local acts of charity that emphasize self-reliance and self-respect - qualities that tend to be missing when government welfare is viewed as positive "rights" to be asserted. Given that some type of charity is needed, private sector solutions are vastly preferable to governmental ones. A free society allows for a variety of voluntary initiatives by family, friends, neighbours, churches, charitable organizations, unions, fraternal and friendly societies, etc., to help those in need. Voluntarism means doing away with coercion and relying on individual action, education, persuasion, and voluntary organizations based on generosity and neighborliness.

Individuals who give through private charities are aware of both the amount of their donations and to a great extent, the actual use of their contributions. Private charity allows people to undertake ventures that the state either will not or cannot take on. People tend to give to private charities because they believe in the goals of the organization. Such gifts are made because individuals perceive value in their contributions. When a person donates his own resources he wants to receive value for his benefactions. Charity may therefore be viewed as an exchange transaction in which both parties receive benefits. Recipients of charity must act in a manner that makes charitable acts desirable to the givers. People gain psychic satisfaction when they do things for others that they respect and care about. They become happier when they choose to be committed to the happiness of others.

Self-respect and self-reliance are contributory to happiness. It follows that true charity encourages self-esteem (including self-respect and self-sufficiency) in the recipients and emphasizes practical measures that help people to help themselves. When recipients of charity fight against adversity, take steps to help themselves, and gain self-esteem, the donor receives satisfaction and pleasure from the virtues of individuals he respects. It follows that charity, at the same time, can be both generous and self-interested. Also, because people do live in communities, are necessarily related to others, and consider the well-being of others to be important to them, it is self-interested (in an enlightened sense) to consider the needs of others.

A person's moral maturation requires a life with others. Charitable conduct can therefore also be viewed as an expression of one's self-perfection. From this viewpoint, the obligation for charity is that the benefactor owes it to himself, not to the recipients. If they owe a benefit to another, rendering it is not a charitable act - they must freely give and direct charity to-

wards those to whom we have no obligation. Charitable actions may be viewed as perfective of a person's capacity for cooperation and as a particular manifestation (i.e. giving to those in need) of that capacity. Kindness and benevolence, as a basic way of functioning is not an impulse or an obligation to others but a rational goal. Compassion is not charity and sentiment is not virtue. This non-altruistic, non-communitarian view of charity is grounded in a self-perfective framework under which persons can vary the type, amount, and object of their charity based on their contingent circumstances. Other concepts of charity rely on adherence to duty expressed as ethical rules of obligation or the supposed maximization of social welfare.

To summarize, the right to welfare and the virtue of charity are not compatible. Since the right to welfare involves coercion and since virtuous actions require unforced voluntary

choice to qualify as virtuous, the degree to which welfare rights are exercised is the degree to which the virtue of charity is absent. The right to welfare and the virtue of charity are incompatible since they cannot be exercised concurrently. The virtue of charity is, in essence, private, whereas the right to welfare is essentially public. As we depart from our classical-liberal heritage, it follows that citizens will focus less on an ethics supportive of private actions. Perhaps virtue can best be fostered if we can combine an ethics of personal flourishing with classical liberalism.

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REVIEW OF SIR RICHARD BODY MP'S *THE BREAKDOWN OF EUROPE*

Lord Monson

Published by New European Press, £9.95, Hardback, 102pp.

Eurofanatics on tramlines (where else?) on spotting the name of the author will mechanically brand this book without opening it as "anti-European". It is not. Nor is it specifically anti-EU, except incidentally.

To Sir Richard the Continent is "rich in diversity", which feature he praises as "its true wealth and its glory". He may de-test, as most of us surely must, the prospect of a "homogenised Europe" with identical ugly office blocks "going up in London, Paris, Berlin and Madrid". But he lauds traditional European art, literature, music and architecture; and urges an expansion of voluntary cooperation on matters of mutual concern across Europe to replace the centralised coercion that ultimately destroys true friendship.

To confound Europhile prejudices, he gives a pat on the head to the liberal call for a Europe of the Regions, and is not wholly unsympathetic to the Franco-German protectionist sentiments engendered by low-cost Asian imports.

The main theme of this book is abuse of power, and how to prevent or minimise it. Few are better qualified in this field than our former Chairman, one of that select group of Parliamentarians of all parties - the bane of the Whips - who consistently put principle above the prospect of power.

Sir Richard argues that it is the larger political units - world-wide - where power is most often abused, and where levels of crime and social alienation are disproportionately high. Small states, conversely, provide the optimum framework for peace, prosperity and contentment, the examples frequently cited here being New Zealand, Norway, and Switzerland.

It must be said that a perhaps excessive loyalty to the memory of Sir Richard's late friend, Leopold Kohr, who originally propounded this thesis in *The Breakdown of Nations* seems to have led to a degree of oversimplification. Certainly Norway, and to a slightly lesser extent New Zealand and Switzerland, illustrate his argument well. In the 'under 5 million' bracket one could add Slovenia, Costa Rica and - if they can somehow accommodate their awkward uninvited Russian minorities - the Baltic states. Against this, consider the examples Bosnia-Herzegovina, Cyprus, Eritrea, Kuwait, Jamaica, Lebanon, Libya, Macedonia, Panama, and Paraguay. A small population does not in itself guarantee the promised land. Norway is probably the most homogeneous nation in the West, Iceland apart, in terms of culture, race, religion, language, and living standards. It is also blessed with a degree of isolation plus plenty of elbow room for all its inhabitants. These characteristics - together with a tradition of literacy, democracy, and the rule of law - are as important a prerequisite as a modest population.

Nor would everyone endorse the sharp distinction drawn between the artistic, creative Ancient Greeks and the allegedly materialistic, cold-blooded Romans. Surely the Pantheon and Pont du Gard - to take just two examples - are not only triumphs of engineering skill but works of art.

But enough of criticism. The preposterous claims that nation states are the sole or even main cause of armed conflict, and that sovereignty can literally be 'pooled' have rarely been more effectively demolished. Sir Richard also slates the double standards of the Press in playing down massive Europe-wide fraud involving the CAP and other EU institutions, whereas home-grown fraud on one-twentieth the scale would have the media screaming for retribution. The later chapters feature a devastating critique of well-meant but useless 'regional' poli-

cies, together with an impressive and convincing commendation of our old friend the 'hard ecu', albeit by another name.

Even more interesting is the chapter explaining how the tele-

communications revolution will put enormous power into the hands of ordinary individuals - a development not surprisingly undreamt of by Monnet, Schuman or Spinelli, which will make any centralised and bureaucratic superstate obsolete.

REVIEW OF MICHAEL LITTLEWOOD'S *HOW TO CREATE A COMPETITIVE MARKET IN PENSIONS: THE INTERNATIONAL LESSONS*

Dr Barry Bracewell-Milnes

Published by the IEA Health and Welfare Unit, London, Choice in Welfare No. 45, xii + 252 pages, 1998. £9.50.

This book, by a New Zealand financial planning advisor, is one of the most substantial ever published by the Health and Welfare Unit. It contains a large amount of factual and comparative material on the pension systems in a number of industrialised countries, and for this reason alone it is well worth acquiring.

The descriptive material is subservient to the main purpose of the book, which is to analyse the policy options and identify one of them as superior to its competitors. In a short review there is not space to do more than explain why I believe the author's policy prescriptions to be profoundly mistaken.

Littlewood identifies the three Tiers or Pillars of pension provision: (I) State provision; (II) employment-related retirement benefits; (III) private savings. (Page 33). He uses First Principles (Chapter 3) on Tax and Level Playing Fields (Chapter 4) to get out of The Present Mess (Chapter 1). "Compulsion should be seen as a last resort". (Page 251). However, "Tier I (basic, universal, state provision)....is inevitable". (Page 115). "Private savings can never replace state provision". (Page 119). He recommends that Tier I should consist of "A flat-rate benefit equal, after tax, to 55% of the after-tax national average wage for a married couple and 35% for a single person" (page 123). Tier I benefit should be means-tested (page 131). In Tier II "Employers can co-operate with the government in a mutually beneficial relationship in which employers help the government to implement public policy (pages viii, 194; emphasis mine). Tier III is also important: "In the end, citizens must look after their own retirement needs" (page viii). However, they must do without tax reductions, reliefs or incentives: "Tax incentives don't work"....(page viii); "they are inequitable; they have a distortionary effect; they are inefficient; they are expensive to administer; it is not possible to allow savers a concession without increasing the tax burden elsewhere; 'bribing' people into saving for retirement is a thoroughly bad idea." (Page 52; all these remarks about incentives are emphasised in Littlewood's book).

One man's Utopia is another man's Hell. In a libertarian perspective, Littlewood's scheme is worse, tier by tier, than what we have in Britain now, despite the many imperfections of the latter. In Britain, Tier I is fading away with cross-party sup-

port; in Littlewood, it goes on for ever. In Britain, employer provision serves the purposes of employer and employee; in Littlewood it is the handmaid of government policy. In Britain, there is tax relief on pension contributions to mitigate the double taxation of pensions; in Littlewood, the double taxation is or may be unrelieved. What Littlewood calls the free market, laissez faire and voluntary saving I call maximising government interference: government provision is needlessly perpetuated, employer provision is subordinated to the convenience of government and private provision is subject to unrelieved double taxation. Littlewood's suggestion that pensions should be exempt from income tax would generate a new tax incentive but a very undependable one, subject to the vagaries of government policy and the climate of opinion over periods of as much as forty to fifty years.

This is the sort of muddle to be expected of an author who says that "it is not possible to allow savers a concession without increasing the tax burden elsewhere". Has Littlewood never heard of containing and reducing government expenditure?

In a passage on tax neutrality (page 56), Littlewood recognises that there is a form of neutrality identified with income tax and another form of neutrality identified with expenditure. "However, most governments raise most of their money through income tax, so the concept of tax neutrality seems more naturally aligned with the income tax model". So much for Littlewood's "First Principles". If the expenditure model is substituted for the income tax model, Littlewood's argument disappears without trace. The expenditure model avoids the double taxation of saving, which has been a continuing criticism of income taxation for a hundred and fifty years. In addition, by restricting the tax base, the expenditure model acts as a constraint on the ambit of government activity - a badly needed constraint, given the rise in both government expenditure and the tax burden in industrialised countries over the last forty years.

As it happens, the IEA addressed precisely this question of the conflict between income neutrality and expenditure neutrality a few years ago in a collection of papers entitled Which Road to Tax Neutrality?, of which I was the editor. It is regrettable that Littlewood's book dismisses in a few lines of subservience to present practice a concept of neutrality that is not logically inferior to his income neutrality and has massive

advantages for libertarians through preventing the double taxation of saving (and investment income and capital) and exercising a powerful constraint on the otherwise uncontrollable growth of government expenditure and taxation. If expenditure neutrality is substituted for income neutrality, Littlewoods's arguments go into reverse; what he denounces as wasteful and uneconomic tax concessions become moves towards tax neutrality - a neutrality in which taxpayers are taxed on what they take out of the system, not what they put in, and the role of government is minimised, not maximised.
